

ROBERT MENENDEZ
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April 06, 2020

The Honorable Steven Mnuchin
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Room 3330
Washington, DC 20220

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 3rd St, SW
Washington DC 20416

Secretary Mnuchin and Administrator Carranza,

We write to request you immediately provide lenders and borrowers assistance with the Paycheck Protection Program (PPP), including clear, updated guidance for administering the PPP and reinforcing the Small Business Administration's (SBA) portals and processing systems.

Thanks to bipartisan work on the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress provided an unprecedented \$349 billion in aid to small businesses through PPP. Proceeds from PPP loans will allow small businesses to pay rent, utilities, and payroll costs, ultimately helping businesses maintain their staff and stay afloat during the COVID-19 pandemic. I appreciate the Department of Treasury (Treasury) and SBA working expeditiously to make PPP loans available beginning April 3. However, I'm concerned that the fact that lenders did not receive guidance until the evening before PPP loans became available is causing significant delays in lenders' ability to accept and process PPP applications, threatening the viability of our small businesses at this critical moment.

According to JP Morgan Chase, only half of small businesses have enough cash to survive for 27 days without new revenue.¹ Our economy is now entering its second month of instability caused by the spread of COVID-19—turmoil which will undoubtedly last well beyond 27 days. Many small businesses will not survive without immediate help and any delay in distributing PPP aid will be catastrophic for small businesses.

On April 3rd, small businesses were able to start applying for PPP loans. In the week leading up to launch, however, lenders continually expressed concerns that they did not have enough

¹ <https://www.jpmorganchase.com/corporate/institute/document/jpmc-institute-small-business-report.pdf>

guidance regarding the documentation required to determine eligibility, how to submit and obtain approval to the SBA, and the process for collecting reimbursement on those loans that qualify for forgiveness. Additionally, the confusion around PPP's launch threatens to exclude community banks and their customers from PPP aid. The issues small businesses and lenders experienced during Friday's application launch strongly suggests that Treasury and SBA need to provide clear and updated guidelines and additional assistance to lenders and borrowers during the application process, including ensuring SBA's systems have enough capacity to process loans and approve new lenders.

We are at the beginning of an economic crisis caused by the spread of COVID-19. Unemployment claims reached 6.6 million last week, setting a dismal record for our economy. Additionally, the Congressional Budget Office is estimating unemployment to skyrocket to 10% in the second quarter and the economy to shrink by 7% in the next three months. These dire economic conditions are straining our small businesses who need an immediate injection of capital to survive the pandemic.

To help small businesses receive PPP loan proceeds as soon as possible, we urge you to immediately assist borrowers and lenders in the PPP application process, including by releasing updated guidance to lenders and strengthening the SBA's systems..

Sincerely,

A handwritten signature in blue ink, reading "Robert F. Menendez." The signature is fluid and cursive, with a large, stylized "R" and "M".